WISCONSIN WOOD
MARKETING BULLETIN
WISCONSIN DEPT. OF NATURAL RESOURCES

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WOOD MARKETING BULLETIN

The Wisconsin DNR publishes the "Wisconsin Wood" marketing bulletin every three months. It serves the timber producing and wood using industries of Wisconsin by listing items: For sale - forest products, equipment and services, wanted - forest products, equipment and services; employment opportunities. There is no charge for the Bulletin or inserting items in it. Only items deemed appropriate to the timber producing and wood processing industries will be listed. Also the Bulletin will feature forest products utilization and marketing news, safety notes, coming events, new literature, tips to the industry, and listing or employment wanted or positions that are available.

If you know of someone who would like to be on the Bulletin mailing list, please ask them to send their name, address and zip code to the return address on the back page. Also, if you have items to list, send in the form or write a letter to the return address on the back page. Repeat listing of items requires a written request each time the item is to be repeated.

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Coming Events

Save the Date!
The **Kiln Drying Short Course** is back and coming to Wisconsin August 6th through 9th, 2012 in Antigo, WI. Watch for a full announcement to follow later this spring. For additional information or to request the announcement please email Scott Bowe, Professor & Wood Products Specialist; University of Wisconsin email: sbowe@wisc.edu

4 Workshops for Small Mill operators are being offered.

1) Fundamentals of Hardwood Lumber Grading and Hardwood Sawlog Scaling & Grading for the Small Mill Operator
This course will give the student a basic understanding of the requirements of the hardwood lumber grades, and how to grade hardwood lumber. The course will also give the students a basic understanding of board foot log rules, and how they relate to cubic and cord scaling, how the various board foot logs rules compare to each other, the basic steps in the scaling and defecting of hardwood logs and the grading of hardwood sawlogs. (Note: This course is designed for the small mill operator who has not had formal classroom exposure to the basics of log course is also not designed to be a training session for the production employees of larger mills.) July 17, 2012 at UW Stevens Point Wood lab. To register: e-mail the following information to RGOVETT@UWSP.EDU (e-mail is preferred if possible) Provide the following information when registering:
1) The full name (or names) of the person (or persons) being registered. 2) The company name (if different from the person's name). 3) A complete mailing address (including zip code). 4) Phone number (with area code). OR if you do not use e-mail you can FAX to : Bob Govett (715) 346-4821 OR you can simply phone Bob Govett (715) 346-4212 –if you phone in your registration – please be sure to spell out the name and address.

2) Fundamentals of Quality Control and Quality Improvements for the Small Mill Operator
This course will give the student a basic understanding of quality control and quality improvement for the small mill operator. Topics will include sawing variation and its effect on quality and profits, how to determine sawing variation for your mill, how to calculate appropriate green target sizing of lumber, how problems with lumber sizing should be addressed with appropriate basic mill troubleshooting and alignment. (Note: This course is designed for the small mill operator who has not had formal classroom exposure to these topics. The course is also not designed to be a training session for the production employees of larger mills.) August 8, 2012 at UW Stevens Point Wood lab. To register: e-mail the following information to RGOVETT@UWSP.EDU (e-mail is preferred if possible) Provide the following information when registering 1) The full name (or names) of the person (or persons) being registered. 2) The company name (if different from the person's name) 3) A complete mailing address (including zip code) 4) Phone number (with area code) OR if you do not use e-mail you can FAX to Bob Govett (715) 346-4821 OR you can simply phone Bob Govett (715) 346-4212 - if you phone in your registration – please be sure to spell out the name and address.

3) Fundamentals of Lumber Drying and Hardwood Lumber Marketing for the Small Mill Operator

This course will give the student a basic understanding of wood structure, the proper techniques of lumber drying, including both air and kiln drying and proper lumber handling and storage. This course is designed for the small sawmill operator or a small woodworking shop that is interested in beginning to dry lumber or that has just started lumber drying. (Note: This course is designed for the small mill operator who has not had formal classroom exposure to these topics. The course is also not designed to be a training session for the dry kiln operators or the production employees of larger mills.) September 20, 2012 at UW Stevens Point Wood lab.
To register: e-mail the following information to RGOVETT@UWSP.EDU (e-mail is preferred if possible) Provide the following information when registering 1) The full name (or names) of the person (or persons) being registered. 2) The company name (if different from the person's name) 3) A complete mailing address (including zip code) 4) {Phone number (with area code) OR if you do not use e-mail you can FAX Bob Govett (715) 346-4821 OR you can simply phone Bob Govett (715) 346-4212– if you phone in your registration – please be sure to spell out the name and address.

4) Basic Business Planning for the Small Mill Operator

This course is designed for the small mill operator who is at the point of making the step beyond simply custom sawing. A key focus of this course will include how to do a basic financial feasibility analysis of a small sawmill and/or lumber drying business and how to go about developing a business plan. Other topics will include understanding inventory and how that affects financial requirements, basic measures of business performance, development of basic pro-forms income statements for sawmill and/or drying operations. A student in this course needs to have a fundamental background in use of personal computer spreadsheets or they will need to bring someone who will be assisting them in this regard. Further direct technical assistance will be available individually to all students who might wish to follow-through with making this a reality. September 27, 2012 at UW Stevens Point Wood lab. To register: e-mail the following information to RGOVETT@UWSP.EDU (e-mail is preferred if possible) Provide the following when registering 1) The full name (or names) of the person (or persons) being registered. 2) The company name (if different from the person's name) 3) A company name (if different from the person's name). 4) Phone number (with area code) OR if you do not use e-mail you can FAX to Bob Govett (715) 346-4821 OR you can simply phone Bob Govett (715) 346-4212 – if you phone in your registration – please be sure to spell out the name and address.

FOREST SECTOR REELING DURING ECONOMIC DOWNTURN

Forest products industries in the United States have reacted to changing market situations as economics conditions have changed since 2007. Mill closures and job losses throughout the forest-products sector have swept the nation, often with significant local impacts. We have consolidated and analyzed data collected by the U.S. Forest Service's Forest Inventory and Analysis (FIA) program and Forest Products Laboratory (FPL), the U.S. Department of Commerce, and other sources to provide an overview of the recent trends and the current state of the forestry and wood-processing sectors of the U.S. economy. Looking forward to an economic recovery, the future will be different for the forest industry sector and for forest management than existed prior to 2007.

Since the economic downturn began in 2007, there have been two major driving economic forces affecting the U.S. forest sector. The paper side of the forest sector has been most heavily influenced by global economic trends and shifts in global markets for pulp-based products. The solid-wood side of the forest sector has been influenced primarily by domestic driving forces – the principal components being the drop in new residential construction from 1.7 million units annually to 450,000 – a decline in home remodeling as residential mortgages tightened and home sales dropped.

Mills and Jobs

FIA statistics show that since 2005, 1,009 sawmills, 15 pulp mills, and 148 other mills closed: together, 19% of all mills in the forest sector. These closures of primary mills were accompanied by slow-downs or closures in hundreds more secondary wood manufacturing facilities, resulting in an overall loss of 294,000 full-time jobs over the past five years. Thousands more part-time and self-employed jobs were lost as well.

While the greatest absolute loss of full-time jobs in the wood sector was in the South with 113,00 jobs lost, the greatest full—time workforce impact was in the West, where 32% of the total 2005 workforce of 71,000 jobs was lost. In three western states – Arizona, Montana, and Wyoming – more than 50% of the workforce has been affected. The North region had the second highest regional loss of wood-sector jobs (110,000) and the most mill closures (505 predominantly smaller hardwood mills).

The ripple effect of the mill closures and loss of jobs resulted in an overall annual decline of $9 billion in full-time wages in the wood-processing sector. Sawmills and solid-wood processing facilities accounted for $7 billion (78%) of the full-time wage loss. Billions more dollars in part-time and self-employed wages also were lost.

The effects on milling capacity differed significantly between the pulp and solid-wood sectors. Overall, pulp mills utilized between 85% and 90% of available capacity during the downturn, despite the loss of 15 mills. However, the story for sawmills has been quite different. In addition to losing nearly

1,000 mills, the remaining sawmills worked at about 60% of available capacity between 2005 and 2009 and many individual mills operated well below 50% capacity, with significant reductions in workers and payrolls. Therefore, when the economy begins to recover and homebuilding and remodeling expands, the demand for dimension lumber and plywood/panels will probably be met by expanding production at those mills that survived the economic downturn.

Evidence from the used mill equipment sector reinforces this projected recovery response. When mills close, firms specializing in the resale of used equipment usually liquidate the assets. When quality technology or equipment is available in the closed mills, it has a market value with the survivors as they position themselves to expand and become more efficient in an economic recovery. New and used wood-related machinery shipments have been steady during the downturn, according to market consultants. Sales of such machinery have been down only 12% during the downturn, compared with 20% to 50% sales declines in most other segments of the wood sector.

History suggests that the pulp-and-paper sector is more resistant to plant closures during downturns, because of the extremely large initial capitalization required to construct or rebuild a mill. Also, trends in pulp and paper demand are driven by longer-term shifts in markets, such as increased paper recycling and reduced circulation levels for newspapers as advertizing shifts to electronic media, rather than being directly linked to shorter-term economic conditions. Sawmill and plywood/panel operations, on the other hand, tend to be more volatile, relying heavily on the demand for solid-wood and panel products as driven by the relative health of the domestic housing industry.

Sawmills and plywood/panel mills that closed tend to remain closed, even in ensuing economic recoveries, for reasons we delve into later in the article. During an economic recovery, the remaining mills are positioned to expand to meet new demand as housing rebounds. This consolidation pattern has been typical of the sawmill sector for decades. As an example, there were 12,000 sawmills in the South in 1953, while today there are 1,228. Since 2005, the South has seen 457 sawmill closures. Similar patterns are played out in the North, with 505 closures, and the West, with 47 closures since 2005. Prospects for more of the recently shuttered mills are grim.

If the downturn continues for a protracted period and the 279,000 unemployed mill and wood manufacturing workers are fortunate enough to find other employment, the long-term effect on losing their skills will be to impede the wood industry's ability to recover quickly, because new workers will have to be trained. In addition, if the 15,000 logging and forest management workers who lose jobs during the downturn find work in other sectors, their skills to manage forest and harvest standing timber will have to be replaced as well.

Short and Long-Term Impacts

Current annual U.S. lumber production is 30 billion board feet, down 20 billion board feet (40%) since 2005 – the lowest output since 1982, which was also a recession. Prior to the recession of the early 1980s, one has to go back to the 1960s to see normal lumber production levels that low in the United States.

A bright spot in 2010 was a weak upward trend in harvesting due to increase exports to China and other global markets. However, overall shipments remain well below 2005 peak levels: imports are down 50% and the value of shipments of US wood and wood-related products has declined $46 billion annually from 2005 levels. Fifty-nine percent of the lost shipment value was in secondary manufactured products, including cabinets, furniture, flooring, trusses, and laminates, that are directly related to the housing downturn. Lumber accounted for 25% of the shipment value decline.

Total annual U.S. harvests are down 4 billion cubic feet (30%) since 2005 – the lowest national harvest level since the 1960s. In 2005, timber harvesting took place on nearly 11 million acres across the United States, and by 2009 this area had declined to about 7.5 million acres. Between 2005 and 2010, the equivalent of one full year of average harvest area was not cut in the United States. If the current pattern persists, another 25 to 30 million acres could go unharvested by 2020, having serious implications on management plans and the future health of production forests as trees continue to grow, health and vigor begins to decline due to crowding, fuel levels build, and the potential risks increase for infestations of insects and other pathogens.

The low current demand for wood products means that, even if landowners or land managers want to push more logs onto the market, mills aren't buying much, and when they do, the stumpage prices they offer to landowners area very low. In short, putting more logs on the market won't keep mills open, because there is so little demand for wood products. The low current demand for wood products also seriously affects the acres in need of salvage, such as the large areas killed by beetles, because markets for this material are further diminished. Increased fire risk in unsalvaged areas is a growing concern.

According to recent global statistics, the United State's share of world wood products production is declining. Over the past 10 to 20 years, the U.S. pulp-and-paper segment has positioned itself to compete in global markets and has thus been more resilient in the face of the recent economic downturn since 2005. In the solid wood sector, however, the situation is more serious. Unless the US housing market soon rebounds and thus increases domestic demand for solid wood products – or unless the nation's solid-wood industry repositions and re-structures itself to be more competitive in global markets – employment, wages, and the value of shipments are unlikely to recover to 2005 levels.

This is a very simple overview of a very complex situation. But the swift and dramatic economic changes since 2005 suggest that forestry and wood processing/manufacturing in the US are at a crossroad. The future of the industries, employment levels and wages, and even the near-term conditions of America's forests all depend on the path taken from here: survival of the fittest and more efficient, or development of policies and strategies that allow our entire wood sector to be more competitive in global markets.

Downturns create opportunities for firms and policy makers to rethink, incentivize, and revitalize infrastructure to be more efficient and sustainable in the future, both economically and environmentally. Are we willing to take advantage of the current opportunity to consider setting a new course? Are we considering the "up-stream" impacts of the current and potential future economic conditions in the forest sector on managing forest health, resiliency, and sustainability?
By W. Brad Smith a research forester with the U.S. Fiorest Service, and Richard W. Guldin , Director of research and development-quantitative sciences, U.S. Forest Service. This is an edited version
of an article that originally appeared in the *Forestry Source*, January 2012.
Source: *TimberLine*, March 2012

APPLETON AND DOMTAR AGREE TO UNCOATED PAPER SUPPLY DEAL

Appleton and Domtar announced a tentative agreement in which Domtar would supply Appleton with most of the uncoated base paper the company needs to produce its thermal, carbonless, and other specialty paper products.

The 15-year supply deal is valued at more than $3 billion over the life of the agreement, Appleton said.

Appleton said it currently produces base paper at mills in West Carrollton, Ohio, and Roaring Spring, Pennsylvania. The company purchases any additional base paper it needs from other paper producers including Domtar. Appleton also buys a large amount of waste paper and pulp, primarily for its West Carrollton mill, both of which are susceptible to significant price volatility.

As a result of the deal, Appleton is proposing to cease recycled fiber processing and paper production at its West Carrollton mill. However, the company would continue to operate the mill's thermal paper coating operations installed there in 2008.

The deal would result in a reduction of approximately 330 jobs at the West Carrollton mill.

Assuming the plan is finalized, approximately 100 employees would be retained to continue to operate the thermal paper coating facility. Carbonless paper coating currently conducted at West Carrollton would be shifted to the Appleton's converting plant in Appleton, Wisconsin, and result in an increase of approximately 50 jobs at that facility.

Employment and operations at Appleton's integrated pulp and paper mill in Roaring Spring would be unaffected by the agreement.

"We operate in a capital and resource-intensive industry," said Mark Richards, Appleton's chairman, president and chief executive officer. "Successful companies will be ones who find more efficient ways to operate and deliver value to their customers. For some that means greater and more efficient use of their assets; for others it may involve closing operations that limit efficiency.

"Because we buy pulp on the open market, it costs Appleton considerably more to make base paper than it costs a producer like Domtar, which can supply its own pulp. Our proposed operational changes, as difficult as they may be for many of our employees in West Carrollton, are needed for our company to remain competitive," Richards said.

The West Carrollton mill was built in 1948 by the American Envelope Company. Appleton purchased the mill in 1984 and has made substantial investments to improve the mill's capabilities and productivity. The most significant investment occurred in 2008 when the company completed a $100-milliion expansion that included the installation of a state-of-the-art coater to produce thermal paper and construction of related facilities.
Source: *Paper Age*, March/April 2012

PREVENTING MOISTURE PROBLEMS IN THE SHOP

The best practices in manufacturing can help in producing the highest quality product possible, but all that can go for naught if the moisture content is incorrect.

The moisture in wood changes when the humidity of the surrounding air changes. If air is humid, wood absorbs moisture and expands. If air is very dry wood losses moisture and shrinks. To prevent defects the wood moisture should be at 6-9%.

Inside heated buildings the relative humidity is usually between 30-50% at 60-80F. At these in-house conditions the stable wood moisture content is 6-9%. If wood moisture and relative humidity stay within these limits, expansion and contraction are limited. For example, if a piece of wood with a moisture content of 6.2% would be moved to an area with 60% relative humidity and 80F, it will absorb moisture and expand until 11% has been reached. Depending on the wood species, the 5% change in moisture can be accompanied by a substantial amount of expansion.

When boards loose moisture they shrink, and the amount and direction of shrinkage depends on the structure of the growth rings. Boards with similar growth ring orientation show similar shrinking and warping tendencies. Otherwise, every board moves differently and in most cases unpredictably.

The least amount of skrinkage occurs across the growth rings - the vertical grain. Most shrinkage occurs in the direction of the growth rings – flat grain. Boards usually have mixed grain and the different shrinkage factors within the same board cause warpage by pulling the board in different directions.

The force from shrinking can be strong enough to destroy the structure of wood. Then, moisture defects become irreversible.

Source: *Wood & Wood Products*, March 2012, *Lignomat USA*, For information visit Lignmat.com or call (800) 227--2105. For addition moisture meters suppliers, visit RedBookOnline.com.

FEBRUARY HOUSING STARTS UP 35% Y/Y, BUILDING PERMITS UP 34% Y/Y

March 20, 2012 (Census /HUD News Release) – Privately-owned housing starts in February were at a seasonally adjusted annual rate of 698,000. This is 34.7 percent above the February 2011 rate of 518,000. Single-family housing starts in February were at a rate of 457,000, 9.9 percent below the revised January figure of 507,000. The February rate for units in buildings with five units or more was 233,000. Privately-owned housing units authorized building permits in February were at a seasonally adjusted annual rate of 717,000, 34.3 percent above the February 2011 estimate of 534,000. Single-family permits in February were at a rate of 472,000, 4.9 percent above the revised January figure of 450,000. Permits for buildings with five units or more were at a rate of 219,000 in February.

Source: *Minnesota DNR – Division of Forestry,* March 2012

FOREST LAND IN NORTHERN U.S. INCREASED 28% OVER THE PAST CENTURY

Washington, DC, March 12, 2012 (PRWEB) – U. S. Forest Service scientists Today released an assessment that shows forest land has expanded in northern states during the past century despite a 130-percent population jump and relentless environmental threats. At the same time, Forest Service researchers caution that threats to forest in the coming decades could undermine these gains. According to the *Forests of the Northern United States* report, forest land coverage in the Northern United States has increased by 28 percent, over the past century, across the region that includes Minnesota, Iowa, Missouri, Wisconsin, Illinois, Indiana, Michigan, Ohio, West Virginia, Pennsylvania, Maryland, Delaware, New Jersey, New York, Connecticut, Rhode Island, Massachusetts, Vermont, New Hampshire and Maine. Forested land currently accounts for 42 percent of the northern land area. Population in the region rose from 52 to 124 million people during the past 100 years, while northern forest coverage expanded from 134 to 172 million acres. Total U.S. forest land remained essentially unchanged during that time. The publication (GTR-NRS-90) is available on-line at http://www.nrs.fs.fed.us/pubs/40189.

Source: *Minnesota DNR – Division of Forestry,* March 2012

STORA ENSO TO BUILD US $2.1 BILLION PAPERBOARD MILL IN SOUTHERN CHINA

Helsinki, March 20, 2012 (Reuters) – Finnish paper company, Stora Enso (STERV.HE) plans to invest 1.6 billion euros (US $2.1 billion) to build a new paperboard mill in China, banking on growth in the Asian market as it faces weakening demand and overcapacity in Europe, Stora Enso said in March it would build an integrated board and pulp mill in Guangxi, southern China, with a paperboard capacity of 900,000 tons. Production is scheduled to start in the fourth quarter of 2014. Stora Enso Chief Executive Jouko Karvinen said "the food packaging business is attractive as some 1.5 billion new consumers are forecast to start buying packaged food in the next 10-15 years."

Source: *Minnesota DNR – Division of Forestry,* March 2012

DRIVING SUSTAINABILIY TO THE NEXT LEVEL

AF&PA's new initiative sets challenging goals for increasing recovery of paper for recycling, increasing energy efficiency, reducing greenhouse gas emissions and promoting sustainable forestry practices.

Segments making up the following article are excerpts from AF&PA's "Better Practices, Better Planet 2020."

AF&PA is establishing the most extensive set of quantifiable sustainability goals for a major U.S.manufacturing industry, with a commitment to transparently report progress towards achieving those goals.

The new initiative called "Better Practices, Better Planet 2020: Continuing AP&PA's Commitment to Sustainability" is the next phase in the forest products industry's efforts to build on our legacy as a leader in sustainability.

Within Better Practices, Better Planet 2020, we have set specific, challenging goals for increasing recovery of paper for recycling, increasing our energy efficiency, reducing our greenhouse gas emissions and promoting sustainable forestry practices, while continuing to strive for the safest workplaces possible for our employees. We are committed to holding ourselves accountable for achieving these goals by transparently reporting on our progress through AF&PA's biennial Sustainability Report.

Increasing Paper Recovery for Recycling

Industry-led efforts to increase paper recovery for recycling are among the best examples of how we are protecting our environment and meeting our economic and social commitments. The paper industry has led the way by setting and achieving incremental paper recovery for recycling goals since 1990. In the 20 years since, recovery has nearly doubled.

In 2010, 63.5 percent of U.S. paper consumed was recovered. This follows last year's success of surpassing the industry recovery goal set at 60 percent in 2009 three years ahead of schedule -- having recovered 63.4 percent that year.

Increasing Our Energy Efficiency
We are setting a goal to continue that progress by improving our industry's energy efficiency in purchased energy use by at least 10% from 2005 to 2020 – using the measurement methodology of the U.S. Department of Energy's *Save Energy Now* program.

We have consistently improved the energy efficiency of our facilities for decades. Since 1990, overall energy use per ton of production at our facilities has been reduced by 8.2 percent, and we also have reduced our fossil fuel use per ton of production by 26 percent.

Reducing Our Greenhouse Gas Emissions
Our members are committed to continuing to address greenhouse gas emissions with a goal of reducing the intensity of these emissions by at least 15% from 2005 to 2020. We will accomplish this goal by increasing the amount of energy we get from renewable, carbon neutral biomass (already at 66% industry wide), as well as through our new goal to increase energy efficiency.

Promoting Sustainable Forestry Practices
The industry is now committing to increase the amount of fiber procured from certified forest lands or through certified fiber sourcing programs in the U.S. from 2005 to 2020. In addition, we will work with governments, industry and other stakeholders to promote policies globally to reduce illegal logging.

Striving for the Safest Possible Workplaces
Because any injuries to our employees are not acceptable, we are establishing a vision for the industry of zero injuries, and will measure progress toward that vision by
setting a goal to further improve our safety incidence rate of 25% from 2006 to 2020.

Between 2006 and 2008, pulp and paper mill worker accident and illness total case incidence rates were lowered by 17% and lost work cases were reduced by 13%.

Exploring Opportunities to Reduce Water Consumption
The forest products industry is now committing to explore opportunities to reduce the water consumed in our processes, and determine whether or not to set a consumptive use goal in the future, which would require information in addition to the discharge date we currently collect. For further information about Better Practices, Better Planet 2020, please visit:
http://www.afandpa.org/Sustainability
Source: *Paper Age*, November/December 2011

RON WANEK; CHAIRMAN, ASHLEY FURNITURE INDUSTIES, INC.

In 2008, this self-made man was listed among Forbes "400 Richest Americans." But Ron Wanek, chairman of Arcadia, Wisconsin-based Ashley Furniture is quick to share credit for the success.

"My son Todd became president and COO of Ashley in 1996, and became the CEO in 2002. He is to be credited for most of Ashley's growth," Wanek says. "Today it is his vision to continue to grow Ashley and to be the world's best furniture company."

And Ashley Furniture looks to achieve this goal, despite current economic challenges. Wanek says the company will address these challenges through aggressive marketing, new product innovations and by "investing heavily in the manufacturing infrastructure."

Wanek started the residential furniture company on its illustrious path in the early 1970s. Under his direction, the company developed global sourcing, becoming one of the first manufacturers to both source and sell around the world Wanek was also instrumental in introducing high-gloss polyester finishes to the U.S. furniture market. And through his efforts, he has transitioned Ashley Furniture from a small manufacturer of occasional tables, into one of the largest domestic, residential furniture manufactures and a top name home furnishings retailer.

For his achievements, Wanek was inducted in the American Furniture Hall of Fame in 2006, which he says is one of his proudest achievements. Earlier this year, he also received the American Home Furnishings Alliance Distinguished Service Award.

In addition to his philanthropic endeavors, Wanek was instrumental in the development of a memorial park in Arcadia, Wisconsin that contains sculptures of Americans who gave their lives to protect this country's freedoms. An accomplished sculptor himself, Wanek created 23 of the park's statues.

Even as a small boy growing up on a Minnesota farm, Wanek was drawn to woodworking. "I watched my great uncle and grandfather make furniture, and thought it would be a great career," he says, indeed it has.

Quick Glimpse:
. Education: "some college"
. Years at the company: 50
. Years in the industry: 50
. Word that best describes you: Passionate
. The best advice received: To start my career by working for a small company.
. The person you have tried to emulate in business and why: Paul Broyhill, whom I greatly admired early in my career.

By Karen M. Koenig, Source: *Woodworking Network*, November 2011.

HOW DO YOU HANDLE MR. AND MRS. SMELLFUNGUS?

The shop needs work, so contrary to your intuition, you accept the furniture contract from Mr. and Mrs. Smellfungus. Experience has taught you that no matter what you do, these kinds of people will find something wrong with the job.

I remember a job where the customers demanded the authentic look of hickory wood, then complained about the alternating tones within the wood. When we questioned them on what they meant by “authentic” they showed us a piece of homogeneous laminate labeled “Hickory”.

We had a second customer that would call every 6 months to have us come in and “touch up” the finish on the cabinet doors.

Just like our hickory issue, many of the complaints from a smellfungus come from their unreasonable expectations and uneducated understanding of the inherent limitations in woodworking.

So, when those smellfungus alarms go off in your head, use them to remind you to back up the conversation and re-start by spelling out exactly what you will and won’t do for the customer. Show as many physical samples of color, wood grain, and similar projects as you can to cement in their head what the job will look like.

Spend extra time asking and listening to their needs. Make sure to talk about limitations for any after sale service issues they may expect and if possible, get as much of your service guarantees in writing.

Lastly, never, never promise “satisfaction guaranteed” to a smellfungus.

By Rick Hill, Source: *Woodworking Network*, January 2012.

EUROPE: THE YEAR AHEAD

After four years of financial pain, closures and job losses, pulp and papermakers in the Eurozone face another grim year. The only grade performing well is tissue.

Europe is moving into its fifth year of recession, the euro currency is losing value against the dollar and sterling, south European countries are defaulting on loans and piling up massive debts, and business confidence is low in all sectors. Loans and credit are hard to get. The euro currency may vanish in a year’s time. Germany and the UK are the only countries which show signs of modest recovery. European Russia is also losing its credibility as member of the BRIC “club.”

Against this backdrop, pulp and paper makers have to do business.

Pulp

For several years China’s pulp demands have sustained European producers, but since mid-2011 the Chinese market has slowed due to overcapacity in that country. But I believe Chinese pulp buyers will return to the market later this year once they sort out their problem.

For European producers this will not be enough to help them through the next two years as business sentiment weakens. Some integrated pulp and paper producers like UPM are now selling pulp on the spot market, while other pulp producers have invested in power generation. This will lead to overcapacity and then downtime. *PaperAge* market analyst Harold Cody in the Nov\Dec 2011 issue wrote, “Demand in the developed areas will continue to shrink into next year.” But like this writer, he is deeply worried by the debt crisis over here.

As European pulp mills juggle production, supply and capacity, they face relentless competition from Brazilian pulp producers. Most of their production will go to Asia but some serious tonnage will reach Europe. Between 2012 and 2015 four greenfield pulp mills will start up. They are: CMPC, Fibria, Klabin and Suzano, each producing 1.5 million tpy.

Recovered Paper

European mills that use recovered fiber as feedstock are now finding their supplies squeezed by the insatiable demands of the Asian market and by the activities of new national waste management companies. These have no roots at all in the paper industry, they are simply export companies. The European recovered paper merchant of 30 years ago is almost extinct. The impact on European mills that make newsprint and printing and writing grades is one where they are forced to tap into lower grades of recovered paper for their feed stock. This is expensive to process and the increased price can no longer be passed on. All the “good stuff” has been collected and exported by the national players. European legislators have identified 90 grades of recovered paper which mills may use. But in practice the mills – especially in P&W grades – do not have the resources to operate in such detail.

Newsprint

The long-term decline continues and we all know why. Daily newspapers account for 80% of total newsprint consumption in Europe. According to Poyry, the key factors in reduced demand in Europe are declining circulation (70%), and pagination (30%). Newspapers like The Times, The Guardian and The Independent in the UK have downsized their broadsheets.

Like most readers, I have dropped my subscription to paid newspapers mainly because I can get the news online free or at lower cost. I also read a tablet version.

The newsprint sector has cut overcapacity in the recent years. The largest shutdowns last year were the PM61, 95,000 tpy Holmen mill in Spain and UPM’s Myllykoski mill in Finland which produced 600,000 tpy from three PMs. Poyry reports that the only planned capacity increases will be in Russia.

The prospects for newsprint in Europe aren’t good. All newsprint publishers are losing money, demand is falling, and capacity shutdowns will continue.

Tissue

Finally, some good news. In Europe, tissue consumption has increased steadily at 3-4% a year. Current European production is 7.1 million tpy, over half of which is consumed by Germany, France and UK. Per capita consumption in Western Europe is an average of 15.3kg – highest in Norway and lowest in Russia.

Between 2110 and 2020, growth in this sector is expected to grow rapidly, especially in Poland and Russia, however they do start from a much lower base line.

Comment

In writing this I am always aware of the looming presence of China and its

influence on not just European industry, but everywhere else. Europe's domestic markets for pulp and paper will evolve again this year with more closures and job losses then, later, China will return to the market and start buying. Was there ever a time when a region's pulp and paper production depended so much on one customer?
By David Price, He can be reached by e-mail at DPrice1439@oal.com.
Source: *PaperAge*, January/February 2012

WOODY BIOMASS FOR HOMEOWNERS

With all the talk about utilizing wood to produce electricity, ethanol, and other large scale uses, the use of wood for residential/households is mostly ignored but in reality it is a significant use of our forest resources. In Wisconsin alone, it is estimated that current firewood usage is approximately 1.8 million cords per year which comparatively equals is about 60% of the volume of pulpwood that is harvested in this state.

This includes homes, cabins, and small businesses that use any type or roundwood burner including outdoor wood boiler systems, conventional residential wood furnaces, free standing wood stoves, fireplaces (with and without inserts), and even wood cook stoves. Obtaining this wood happens in a number of ways including: firewood users cutting their own on their property or elsewhere, purchasing from casual firewood producers, purchasing from commercial firewood producers, or purchasing in 8' lengths by the log truckload from local loggers.

Confusion can come in purchasing wood by the cord. To loggers, that means a full/standard cord (8'x4'x4'), to most firewood users and producers that means a firewood cord (8'x4'x16-20"). There also can be misunderstanding in regards to green versus seasoned/dried firewood. Straight out of the woods, most hardwoods will have 45-50% moisture content whereas wood that has been cut into 16-20" lengths, split and air-dried for a year or more will be in the 20-25% moisture content range. Anybody who has burned firewood knows the difference between green and dried firewood when it comes to burning efficiency and clean chimneys.

With the advent of Emerald Ash Borer, there are now restrictions on commercial firewood suppliers regarding treatment of firewood before it is sold. Many of these suppliers are putting in heat-treating units that will neutralize many inserts and diseases including Emerald Ash Borer. This process also will speed up the drying process and can reduce the inventory required with air-drying but it also increases the processing costs due to more handling and the cost of purchasing and operating these drying systems.

Another type of residential wood heating option is wood pellet burners; these can be furnaces, freed standing stoves, and even outdoor options. These stoves cut down on a lot of the work and maintenance (regular ash removal, and chimney cleaning) required for conventional wood burning units. Most of the pellet stoves in this region require the filling of a hopper by hand (40# bag of pellets typically) every 1-3 days depending on the weather.

These are wood pellet storage units (1-3 tons) that can be placed at home with trucks delivering pellets similar to what is currently done for propane or fuel delivery; this is prevalent in the Northeast U.S. and Europe. With automatic feeds from these storage units, ash disposal will be the main maintenance requirement. These systems will make wood pellets more of an option for those who had concerns with storing and handling the 40# bags and of having enough fuel to run unattended for longer periods of time.

Although often ignored in heating discussions of woody biomass usage, residential wood burners continues to be a significant user of wood in continually evolving heating systems.
By Don Peterson, Source: *Green Lake TPA*, January 2012

CHINA'S LOSS IN TRADE APPEAL A BOON FOR U.S. BUSINESSES

The latest ruling by the World Trade Organization appeals panel against China for deliberately limiting its exports of raw materials for the steel and chemicals industries could have a far reaching impact on the rest of our nation's imports, particularly for those in the woodworking industry.

Not only could it set a precedent for the U.S. and other countries to challenge China's export restrictions on other materials, but it could also lead to other rulings that would ultimately level the playing field for the entire manufacturing sector.

The woodworking industry is no stranger to this battle. It has fought for, and won, rulings to stop dumping of low-cost imports into this country. Late last year, the U.S. issued antidumping and countervailing duty orders on multilayered wood flooring from China. Those decisions were based on final determinations by the Department of Commerce and on an "affirmative decision of material injury to the U.S. industry" by the International Trade Commission. Previously, antidumping duties were issued against Chinese manufacturers of wood bedroom furniture for making "sales to the United States at prices below normal value." That multi-year investigation named dozens of China wood furniture manufacturers that area facing retroactive tariffs from 16 percent to more than 200 percent.

Bringing Business Back to North America

Recent efforts to level the playing field, including the creation of the Trade Enforcement Unit are already having a positive impact on U.S. manufacturing as a whole. On the home front, signs of an improving economy appear to bode well for those involved in both residential and commercial constructions. A general consensus by representatives of the major woodworking market segments is for 2012 sales to match or beat the mark set in 2011.

"In general, retailers appear to have adequate cash on their balance sheets to fund both ongoing renovations and new store openings in 2012. And to date, the consumer appears to be cooperating with increased spending, which bodes well for the future." said Klein Merriman, executive director of the Association for Retail Environments.

"2012 is projected to bring a rebound in housing starts, a decline in foreclosures and attractive mortgage levels," said Andy Counts, CEO of the American Home Furnishing Alliance. "Combined with lower home prices, this creates an excellent opportunity for residential housing turnover. This is an important factor for residential furniture sales."

The increased demand for sustainable products also presents an opportunity for some U.S. manufacturers to grow their businesses. "We continue to see customers looking for increasingly sustainable product alternatives," said Tom Reardon, executive director of the Business & Institutional Furniture Manufacturers Association.

By Karen M. Koenig, e-mail - kkoenig@vancepublishing.com
Source: *Wood & Wood Products*, February 2012

THE SUSTAINABLE RESOURCES INSTITUTE, INC. ANNOUNCES THE LAUNCH OF THE SUSTAINABLE FOREST RESOURCE MANAGEMENT NETWORK

The Sustainable Resources Institute, Inc. was awarded FSC® Forest Management/Chain of Custody Certification for their group certification program on February 7, 2012

With support of the Wisconsin Department of Natural Resources, the Sustainable Resources Institute, Inc. (a Wisconsin-based non-profit organization) was awarded USDA US Forest Service FY2011 State and Private Forestry grant to implement a Forest Stewardship Council (FSC®) Group Certification program for non-industrial landowners who are not in the MFL program in late summer 2011. Since that time, the Sustainable Resources Institute, Inc. has developed the FSC Group Certification program, contracted the Rainforest Alliance (a FSC Accredited Certifying Body) to certify the program, and was officially awarded FSC® Forest Management/Chain of Custody (FM/COC) certification on February 7, 2012.

The Sustainable Resources Institute, Inc. (SRI) has named their group certificate program the "Sustainable Forest Resource Management Network" and is now accepting members. Membership is open to any interested non-industrial private forestland owners or public forests located in Wisconsin and/or Michigan wishing to enter less than 2,470 acres (per ownership structure). Once accepted, members are provided access to the FSC® FM/COC Certificate and able to sell wood as FSC® Pure.

If you are interested in learning more about the Sustainable Forest Resource Management Network, visit www.sustainableforestresource.com, send an e-mail to info@sustainableforestresource.com , or contact Don Peterson, Program Director, at (877) 284-3882.

By Don Peterson, Source: *Sustainable Forest Resource Management Network*, February 2012

KILN DRIED LUMBER CERTIFICATE TO BE VALUABLE TOOL

Five years ago, NHLA entered into an exclusive Memorandum of Understanding (MOU) with the U.S. Department of Agriculture to provide to the hardwood lumber industry a Certification of Kiln Drying Sawn Hardwood Lumber Program for Exports. Since that time, the certificate has been used to satisfy the requirements of countries that require kiln drying verification such as Malaysia and Australia but overall the industry has found limited use for the program; that will soon be changing.

Not Heat Treatment

Though similar to the certificate of Heat Treatment that NHLA and 30 other agencies have provided to the pallet industry for their international shipments, this program remains distinctly different. The KD Certificate is used for lumber and can only be issued by NHLA. Its purpose is to certify that lumber has been kiln dried down to a certain percent of moisture content as indicated by the records of the operating kilns.

The NHLA KD Certificate Program will soon be taking on a new role. The U.S. government has been working for years with foreign governments to allow lumber that is shipped under the KD Certificate Program to be accepted as equivalent to the Phytosanitary Certificate currently issued by the Department of Agriculture. They have been working tirelessly to gain acceptance, and have had some success with countries like Australia and Vietnam and some limited species to other countries but were unable to gain general acceptance.

Recently, the USDA has changed their track, and decided instead to allow the NHLA KD Certificate to be submitted to the USDA who in turn would issue a PHYTO Certificate to the shipper without further inspection or delay. Those companies still wishing to obtain their PHYTOs as usual will be unaffected, but some companies this should allow them to regain control of their shipping schedule as they will receive a certificate in a timely manner. Instead of waiting for an APHIS Inspector to examine the individual load, a company under the NHLA KD Program would instead have a monthly inspection of his company and records. The actual KD certificate would be issued by NHLA and can be done electronically.

Will this revised program make sense for everyone? Probably not, but many shippers will see great advantage to utilizing a Kiln Dried certificate to expedite their shipping process and in some cases save money. Further details will be coming over the next few months as the government finalizes this initiative. Stay tuned.

By Mark A. Barford, CAE, Executive Director; Source: Hardwood Matters, March 2012

GLOBAL DOMINATION BY NORTH AMERICAN HARDWOODS BEGINS IN CHINA

NHLA is now firmly established in the Far East. Our initial base of operations will be out of the Dongguan/Shenzhen area of southern China; however, all of Asia can be accessed from this convenient and hospitable locale. The primary mission of this operation is to promote, expand, and enhance the North American hardwood industry's market share in this vibrant and growing economic sector. That mission, of course, has always been NHLA's goal and its basic reason for existence both domestically and globally. How will this be accomplished? NHLA's established presence will provide an atmosphere of stability and fairness between suppliers and consumers. Our intention is also to facilitate better dialog among our business partners and thus bring about a clearer understanding of consumer needs and supplier concerns between the relative parties.

We have been well received within the marketplace. Partner memberships are on the rise and will continue to grow substantially in the coming months. There is a sense of both relief and expectation with our arrival here. A great thirst for knowledge related to the lumber industry exists in China today. We intend to satisfy that thirst with our presence. We are confident that the knowledge and expertise we provide them will make for increased demand of North America hardwoods and, in addition, make for a more educated and enhanced consumer base. In return, North America suppliers must bear the responsibility of providing a quality product which is based on fairness and equality of the marketplace. The NHLA 'Code of Conduct' is being taken very seriously here and North American suppliers need to take heed and perhaps refresh their memory with its content. The ultimate, practical goal is to eventually eliminate problems, such as, grade discrepancy and footage complaints. They need our production and we need their consumption, it is a symbiotic relationship.

The potential for growth of the North American hardwood industry here in Asia is virtually unlimited. The unique opportunity of combining the best and sincere efforts of supplier, consumer, and facilitator exists here in south China for the benefit of all concerned. The model can be set here if we, as an industry, seize the moment to do the thing from the beginning. Global domination by North American hardwoods and its standards are within our collective grasp.

Contact Randy Wilson in China at +86 18728222470 or on Skype at ran_wilson. He can also be contacted by U.S. mobile at (901) 409-6475 or r.wilsonson@nhla.com.
By Randy Wilson, NHLA National Inspector
Source: *Hardwood Matters*, March 2012

FOR SALE

Timber and Forest Products

Equipment

Schafer Enterprises of Wolf Lake, Inc. Rely on our experience, established in 1967. Used parts shipped daily for log skidders, crawlers, loader backhoes, excavators, wheel loaders and skid steers. We have many reconditioned engines and transmissions that are dyno-tested. Rebuilt winches, final drives and used tires. If we do not a part – we can locate it for you on one of our three nationwide parts locators. Contact a parts professional at (618) 833-5498 or (800) 626-6046. We are located at 4535 State Route 3 North, Wolf Lake, Illinois 62998. Check out our inventory at www.sewlparts.com or you may send e-mails requests to parts@sewlparts.com.

Machinery for sale: Gang rip saw, 12"; Gang rip saw, 18"; carbide heads – straito planer, automatic rotary table shaper for chair sets; Weinig 22N – 5 head moulder; Holtz – HER – 32mm borer – 19 spindles construction and shelf holes; 16" jointer; Parks – 20" planer; 2003 Chevy tilt bed truck – wench – 6 speed, overdrive, jar dan aluminum body, low mileage $14,000; 1993 top kick dump/flat bed truck, 6 cylinder – Cat diesel – 16' bed – 2 speed rear $8,000; Dny-weld – 10 ton – construction trailer $4,000; Clark – 8,000 fork lift – air tires $4,500; Cat – D-3C bulldozer - $15,500; Buss – double sided 30" planer - $5,900; Hempel – tracing lathe and sander - $8,000; TOS – 18" (4) sided planer - $12.500; Schiauie – (6) head moulder - $13,900; Mattison – straight line rip saw $5,500; Oliver -94D – cross cut chop saw – hydraulic $1,900; SandingMaster – 42" twin head wide belt sander $5,900; Wadkin – 30" disk and spindle sander $4,500; Wadkin – 20" band saw $2,100' Wadkin – chisel mortiser $1,600; Centaurio – baseball bat – tracing lathe – hydraulic $15,000. Contact Fred Janik, 6881 Minnick Road, Lockport, New York 14094; (716) 433-4224 .

Services for Sale

WANTED TO BUY

Timber and Forest Products

Veneer logs – hard maple, red maple, black and white ash, white and yellow birch, red oak, white oak, basswood, butternut and walnut. Contact Ted Fischer, Ike International Corporation, 500 East Maple Street, Stanley, Wisconsin 54768, Phone (715) 644-5777; Cell (715) 577-7975; FAX (715) 644-5786; E-mail ted.fischer@ikeinternational.com

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If you want to list items, fill in the form below:

FOR SALE	WANTED TO BUY	SERVICES	EMPLOYMENT	
FOREST PRODUCTS ☐	FOREST PRODUCTS ☐	FOR SALE ☐	AVAILABLE ☐	REMOVE FROM
EQUIPMENT ☐	EQUIPMENT ☐	WANTED ☐	WANTED ☐	MAILING LIST ☐

NAME -- DATE ---

ADDRESS--COUNTY --

CITY -- ZIP CODE ----------------------------------PHONE AC (-----) ---

WISCONSIN LOCAL-USE DIMENSION LUMBER GRADING

A procedure is in place under which Wisconsin sawmills are able to produce dimension lumber that may be sold without a grade-stamp issued under the authority of a lumber grading bureau, and that lumber may be used in residential construction when directly sold to the person who will inhabit the dwelling (or to a person acting on his or her behalf) and for whom a building permit has been issued. To do this someone from the mill must attend one of the **Wisconsin Local-Use Dimension Lumber Grading Short-Courses** that are offered for Wisconsin sawmill operators. These one day special short-course training sessions are offered several times a year, at no charge, and are advertised in the WI-DNR's Wisconsin Woods Marketing Bulletin. **Successful completion of this course and successfully passing an associated test is required for anyone that wishes to produce and sell local-use dimension lumber in Wisconsin that will be used in residential construction. This means someone in your company needs to attend the course if you wish to produce Wisconsin Local-Use Dimension Lumber. (Note: Local-use dimension lumber is lumber that is not grade-stamped under the authority of a grading association.)**

If you wish to produce and directly sell Wisconsin Local-Use Dimension Lumber that may be used in residential construction, you will need to get someone from your mill to a course so they be certified (as a representative of your mill). Also if you do custom sawing for anyone who wishes to use the lumber in their dwelling (such as if you have a portable mill and are custom sawing logs for forest landowners who want to use that lumber in building their home), this would apply to you and you also should get the training and get certified.

The next one-day Wisconsin Local-Use Dimension Lumber Grading Short-Course that you can register for will be offered on October 4, 2012 at the University of Wisconsin-Stevens Point Wood Lab in Stevens Point WI. The short-course is one day in length, beginning at 9:00 AM and ending at around 4:30 PM (at the latest).

There will be no fee for attending - HOWEVER - pre-registration is required – there will be NO WALK-IN REGISTRATION - (**space is limited to 20 persons maximum for each course to allow for more interactive discussion**). **Pre-registration for the course must be received before for September 20th to permit time to confirm registrations, and for mailing all students a grading manual for advance study, and travel directions and other materials.**

To register for any of the short-course, you may email, FAX or phone in your registration. Your registration will be confirmed (also by email, FAX, mail or phone) OR you will be informed the course is full.

TO REGISTER:

Email the following information to: RGOVETT@UWSP.EDU (email registration is preferred if possible)

Provide the following information when registering:
1) The full name (or names) of the person (or persons) being registered
2) The company name (if different from the person's name)
3) A complete mailing address (including zip code)
4) Phone number (with area code)

OR if you do not use email you can FAX to: Bob Govett 715-346-4821

OR you can simply phone Bob Govett (715-346-4212) – if you phone in your registration – please be sure to spell out the name and address

WISCONSIN WOOD
MARKETING BULLETIN

Department of Natural Resources
Forest Products Specialist
3911 Fish Hatchery Road, Route 4
Madison, WI 53711

ADDRESS SERVICE REQUESTED

The Wisconsin Department of Natural Resources reserves the right to edit all items included and accepts no responsibility for the accuracy of description or for the commercial integrity of the persons or firms making offers in this Bulletin.

If you wish to use the facilities of the Bulletin, forward a letter, post card or form on page 11 with detailed description of your "wanted" or "for sale" items. All forest products (stumpage, logs, pulpwood, posts, poles, trees and lumber, etc.) and services (custom sawing, custom kiln drying and tree planting, etc.) may be listed. Please be sure your full name, address (including zip code), telephone number accompany your listing, there is no cost for listing any items. If you want items repeated in the next issue, send in a written request. If you have comments about the Bulletin or have suggestions on its content, write to: Forest Products Specialist, 3911 Fish Hatchery Road, Fitchburg, WI 53711, phone (608) 231-9333 FAX (608) 275-3338.

DEADLINE FOR ITEMS TO BE LISTED IS THE 20TH OF: MARCH, JUNE, SEPTEMBER and DECEMBER.

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